

MANAGEMENT AGREEMENT

PACIFIC PROPERTY FUND LIMITED

PROPERTY MANAGERS LIMITED

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AGREEMENT dated

21 October

2016

PARTIES

PACIFIC PROPERTY FUND LIMITED (Company)

PROPERTY MANAGERS LIMITED (Manager)

INTRODUCTION

- A. The Company is the owner of certain Properties.
- B. The Company and the Manager entered into a Management Agreement dated 27 November 2014 ("Original Agreement") under which the Company agreed to manage the Properties in accordance with the terms and conditions contained in the Original Agreement.
- C. The Company and the Manager have agreed to amend the termination fee payable pursuant to clause 11.6 upon on a particular termination event occurring.
- D. The parties wish to enter into this Agreement in replacement of the Original Agreement.

AGREEMENT

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement, unless the context otherwise requires:

Account Management means the account management duties specified in schedule 1;

Agreement means this agreement together with the schedules attached to this agreement and any amendments made from time to time;

Commencement Date means 5 October 2016;

GST means goods and services tax chargeable, or to which a person may be liable, under the Goods and Services Tax Act 1985, and any penalties, additional tax or interest payable in respect thereof;

Leases means leases relating to the Properties or Property or any part of it and includes any tenancy agreements and licences;

Manager means the original manager named as a party to this Agreement, and the manager's executors, administrators, successors, permitted assigns and where not repugnant to the context includes the employees, agents, contractors and any other person under the control or direction of the manager;

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Properties, and each Property means all of the properties which are, for the time being, owned by the Company, and **Property** means any one of them;

Property Management Fees means the property management fees specified in clause 1 of schedule 2;

Property Portfolio Account means the bank account in the name of the Company operated for the purpose of receiving and disbursing all money received or payable in respect of the Properties;

Property Project Fees means the fees to undertake property transactions or specific projects as specified in clause 3 of schedule 2;

Tenants means tenants and licensees occupying any of the Properties or any part of them pursuant to a lease, tenancy agreement or licence;

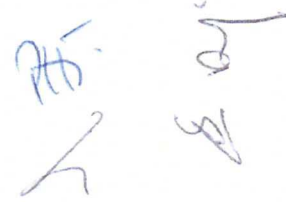
Term has the meaning set out in clause 3.1;

Working Day means any day other than a Saturday, Sunday, statutory public holiday in New Zealand, or any day in the period commencing 24 December and ending on 5 January in the succeeding year;

Year means each 12 month period commencing on 1 April each year or such other 12 month period as the Company may nominate.

1.2 In this Agreement, unless the context otherwise requires

- (a) headings are inserted for convenience only and shall be ignored in construing this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) one gender includes the other genders;
- (d) references to individuals include companies and other corporations and vice versa;
- (e) reference to any document includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- (f) references to sections, clauses and schedules are references to sections, clauses and schedules in this Agreement unless otherwise stated;
- (g) reference to monetary amounts, money or money's worth are to New Zealand dollars unless specifically stated otherwise; and
- (h) any reference to "month" or "monthly" shall mean, respectively, calendar month or calendar monthly;
- (i) where the words "including" or "includes" are used in this Agreement those words are deemed to be followed by the words "without limitation".



2. APPOINTMENT

- 2.1 The Company appoints the Manager as the Company's sole and exclusive manager to manage the Properties during the Term in accordance with the terms and conditions of this Agreement. The Manager accepts such appointment.
- 2.2 The Manager shall be entitled to provide property management services to other parties and may otherwise engage in other business activities as it sees fit provided that the provision of such services or business activities does not hinder the Manager in the due performance of its obligations under this Agreement.

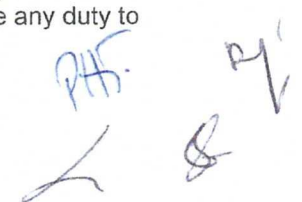
3. TERM

- 3.1 The **Term** means the period commencing on the Commencement Date and ending when this Agreement is terminated in accordance with clause 11.
- 3.2 This Agreement replaces the Original Agreement from the Commencement Date without prejudice to the parties' rights, obligations or claims against the other party under the Original Agreement as at the Commencement Date.

4. FEES

- 4.1 The Company shall pay the Manager the Property Management Fees and other fees as specified and in the manner set out in schedule 2.

5. DUTIES OF THE MANAGER

- 5.1 The Manager shall:
- (a) carry out the duties and responsibilities specified in schedule 1;
 - (b) not do anything which might diminish the Company's or any of the Properties' reputation or goodwill;
 - (c) engage appropriate staff to effectively manage the Properties; and
 - (d) use its best endeavours to promote the Company's interest and welfare.
- 5.2 In performing its obligations as Manager, other than as agreed with the Company from time to time, the Manager shall ensure that all incomings and outgoings for the Properties are transacted through the Property Portfolio Account.
- 5.3 The Manager warrants that it has the necessary expertise, experience and facilities required to properly carry out the duties and responsibilities specified in schedule 1.
- 5.4 The Manager shall be responsible solely to the Company for the performance of its obligations under this Agreement. The Manager shall not owe any duty to any individual shareholder of the Company.
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6. POWERS OF THE MANAGER

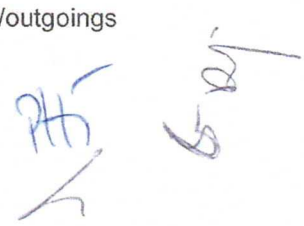
- 6.1** The Company hereby exclusively and irrevocably grants to the Manager the power to do all things necessary to fully and effectively manage each Property in the best interests of the Company and on behalf of the Company to exercise the rights of the Company under the Leases, including all of the powers specified in schedule 1.
- 6.2** In exercising its powers pursuant to this Agreement (including where the Manager incurs costs or liabilities) the Manager acts as agent of the Company.

7. EXPENSES

- 7.1** The Manager shall, in carrying out its obligations under this Agreement, be subject to the direction and control of the Company in respect of incurring any expenditure or financial liability on behalf of the Company.
- 7.2** Subject to clause 7.1 the Company authorises the Manager to incur expenditure or financial liability on behalf of the Company, without the prior approval of the Company, in the following circumstances:
- (a) where the amount is incurred in the ordinary course of providing services in connection with the Properties and the amount does not exceed \$100,000 in respect of any one item or series of related items;
 - (b) where such expenditure or financial liability is incurred as part of the expenditure in a budget for any Property approved by the Company; or
 - (c) where the incurring of such expenditure or financial liability is required to eliminate the risk in the event of an emergency when the safety of a Property or its occupants or the supply of essential services is at risk.

8. REPORTING

- 8.1** Correspondence shall be submitted by the Manager to the Company on all matters which require the Company's instructions under this Agreement. Copies of any correspondence entered into between the Manager and any person with regard to any of the Properties shall be forwarded to the Company upon its request to do so.
- 8.2** Within the first 20 Working Days of each month the Manager shall forward a management report to the Company. The management report shall be in a form agreed between the parties. The management report shall separately summarise for each Property all management activities which occurred in, or with regard to, that Property during the preceding month under the following headings:
- (a) account management (including a summary of incomings/outgoings for each Property);
 - (b) tenancy management;

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- (c) building management;
 - (d) risk management;
 - (e) property investigations; and
 - (f) general comments.
- 8.3 Monthly financial statements measured in accordance with NZ GAAP shall be prepared by the Manager for each Property and for the Company, and shall be attached to the monthly management report referred to in clause 8.2. Such financial statements shall include complete details of income and outgoings for the Property during the reporting period.
- 8.4 A review of all aspects of the management of each Property and the Company's investment strategy for the Property shall be carried out by the Manager at meetings held between the Manager and the Company. The first meeting in each Year shall be held following submission of the annual investment reports referred to in clause 8.6 and thereafter meetings shall be held quarterly or six-monthly with the frequency and dates to be agreed between the parties.
- 8.5 Annual budgets measured in accordance with NZ GAAP shall be prepared by the Manager for each Property and for the Company. Such budget shall comprise the Manager's estimate of all income and outgoings for the next Year and shall be submitted to the Company for consideration during the penultimate month of the Year preceding the Year to which the annual budgets relate. The budget for each Property shall include an allowance for retention from income for funds for contingencies and/or long term maintenance by way of a sinking fund or similar arrangement. The Company shall approve or amend the annual budgets during the last month of the Year preceding the Year to which the annual budgets relate.
- 8.6 An annual investment report shall be prepared by the Manager. The annual investment report shall be in a form agreed between the parties. The annual investment report shall contain a review of the investment performance of the Properties, including the individual performance of each Property during the preceding Year and shall preview the succeeding Year under the following headings:
- (a) description of investment;
 - (b) income;
 - (c) outgoings;
 - (d) capital expenditure;
 - (e) reconciliation;
 - (f) return on investment;
 - (g) market commentary;

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- (h) summary for the Year;
- (i) planning for the succeeding Year; and
- (j) conclusion.

8.7 The annual investment report referred to in clause 8.6 shall be submitted to the Company no later than the end of the first month of each Year.

8.8 The Company may make reasonable variations to the methods of reporting contained in this section and the Manager shall comply with such variations.

9. DUTIES OF THE COMPANY

9.1 The Company will not interrupt or disturb the Manager in the proper exercise of its powers as set out in clause 6 and schedule 1, and the Company hereby grants the Manager all necessary rights of access to the Properties.

9.2 The Company will perform and observe all covenants on its part to be performed pursuant to this Agreement and will do all acts necessary to enable the Manager to perform its duties including, without limiting the generality of the foregoing:

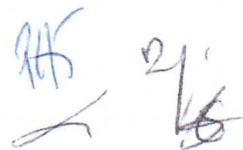
- (a) provide the Manager with all moneys required to be expended on behalf of the Company in connection with the Properties including making payment to the Property Portfolio Account where there are insufficient funds accumulated in the Property Portfolio Account to cover any item of expenditure;
- (b) respond promptly to all requests made to it by the Manager for instructions;
- (c) deliver promptly to the Manager all notices, accounts and demands received from time to time by the Company in respect of each Property which are the Manager's responsibility to pay or effect payment thereof;
- (d) give due consideration to all communications and representations from time to time made by the Manager in respect of each Property and meet and confer with the Manager when reasonably necessary and promptly make and convey decisions in respect of the management of each Property;
- (e) Notify the Manager in writing of any discussions, communications, decisions and instructions received by, or issued by, the Company from or to other parties and bearing on the administration and management of the Properties by the Manager; and
- (f) execute all notices and documents required to enable the Manager to perform its duties under this Agreement including all Leases negotiated by the Manager, except those documents executed by the Manager under any powers of attorney from the Company.

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- 9.3 The Company shall not (except in the case of an emergency) itself undertake (or appoint any other person or party to) anything which is in the scope of the Manager's duties under this Agreement except through the Manager unless the Manager has omitted or failed to perform any of its responsibilities under this Agreement and such failure or omission has not been remedied within a reasonable time after the Company has served written notice on the Manager requiring it to do so.

10. INDEMNITIES

- 10.1 The Company shall indemnify and keep indemnified the Manager from and against any action, claim, demand, loss, damage, cost, expense and liability for which the Manager in the due and proper course of management of the Properties, may render itself legally liable on behalf of the Company.
- 10.2 The Manager shall not be responsible for any loss or damage caused to the Company or the Properties by the reasonable exercise of any discretion or authority conferred on the Manager pursuant to this Agreement.
- 10.3 The Manager shall not be responsible for delay or non-performance of its obligations under this Agreement to the extent that such delay or non-performance arises from a cause beyond the reasonable control of the Manager.
- 10.4 Neither the indemnity contained in clause 10.1 nor the release contained in clause 10.2 shall apply to any action, claim, demand, loss, damage, cost, expense or liability incurred or suffered because of any default by the Manager in complying with the provisions of this Agreement or by reason of any negligence on the part of the Manager.
- 10.5 The Manager shall indemnify and keep indemnified the Company from and against any action, claim, demand, loss, damage, fine, costs, expense or liability for which the Company may become liable arising directly or indirectly from any failure or breach by the Manager in complying with any obligation imposed on the Manager under or in connection with this Agreement.
- 10.6 The liability and obligations of an indemnified party pursuant to this clause 10 shall not be abrogated, prejudiced or affected by any of the following, and shall continue to remain in full force and effect notwithstanding:
- (a) the granting of time or any indulgence or other concession to the indemnified party, or by any compounding, compromise, agreement, abandonment, waiver, variation or extension of any of the rights of the indemnifying party against the indemnified party, or by any neglect or omission to enforce any rights of the indemnifying party, or by any other thing which pursuant to the law relating to indemnities would or might, but for this provision, release the indemnified party in whole or in part from its obligations under this Agreement;
 - (b) the insolvency, liquidation, winding-up, receivership, dissolution or a judicial or statutory management of the indemnifying party; or
 - (c) the indemnified party obtaining judgment against the indemnifying party.

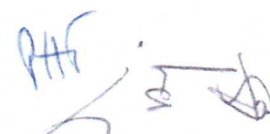
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10.7 Notwithstanding anything else in this Agreement:

- (a) the Manager shall not be liable for any damage, loss or cost suffered by the Company in connection with an act or omission of the Manager unless the Company gives the Manager notice in writing setting out full details of the damage, loss or cost suffered by the Company together with the Company's estimate (on a without prejudice basis) of the amount of its claim on or before the date falling 12 months after the act or omission was discovered by the Company;
- (b) The Manager shall not be liable for any damage, loss or cost suffered by the Company in connection with an act or omission of the Manager where the damage, loss or cost arising from a single act or omission is less than \$5,000; and
- (c) the liability of the Manager to the Company in any Year (in contract, tort (including negligence) or otherwise) shall not exceed 25% of the Property Management Fee paid to the Manager during that Year.

11. TERMINATION**11.1 This Agreement may be terminated in any of the following circumstances:**

- (a) if either party is in default of any material obligation imposed on it under this Agreement and the defaulting party has not remedied the default or adequately compensated for any loss suffered by the other party within 20 Working Days after the date on which written notice has been given by the other party to the defaulting party requiring the default to be remedied;
- (b) execution is levied against any of the assets of the Manager and the Manager has not satisfied or, where applicable, appealed the judgement within 90 days of the judgement;
- (c) the Manager:
 - (i) goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation),
 - (ii) is wound up or dissolved;
 - (iii) makes or attempts to make any composition, assignment or other arrangement with, or for the benefit of, the Manager's creditors or any class thereof;
 - (iv) has a receiver or manager appointed in respect of any of its assets; or
 - (v) has any judgment entered against it in any Court for a sum in excess of \$500,000 and the Manager has not satisfied or, where applicable, appealed the judgement within 90 days of the judgement.



- (d) if the Company disposes wholly of its interests in all of the Properties, with the Company giving the Manager at least six months written notice expiring at any time on or after the date of settlement of the sale; or
 - (e) by written notice given by the Manager if any amount is due and unpaid from the Company to the Manager and the amount has not been paid within 20 Working Days after the Manager makes demand in writing for payment of the amount;
 - (f) without cause, if the Manager gives not less than 12 months notice in writing that it wishes to terminate the Agreement; and
 - (g) without cause, if:
 - (i) the Company gives not less than 6 months notice in writing that it wishes to terminate the Agreement; and
 - (ii) such termination has been approved by a special resolution of the Company at a meeting of the Company's shareholders.
- 11.2 If, during the Term the main building on any of the Properties is destroyed or damaged to the extent of being incapable of repair or reinstatement and is rendered untenable, and the Property is to be disposed of by the Company, such Property shall on settlement of the sale of the Property cease to form part of the Properties. The Manager shall have no claim for compensation or damages in respect of the Property removed.
- 11.3 If the Company disposes of its interests in any Property which does not constitute a disposal of all of the Properties, then such Property shall on settlement cease to form part of the Properties without any right or claim by the Manager for compensation or damages in respect of the Property so removed.
- 11.4 Upon termination of this Agreement the Manager shall promptly deliver to the Company all contracts, documents and records pertaining to each of the Properties and shall take such action as the Company may reasonably require in order to ensure an orderly termination of the Manager's duties under this Agreement.
- 11.5 Any termination of this Agreement shall be without prejudice to the rights of either party against the other that have accrued prior to the date of termination including in respect of any breach of any of the provisions contained or implied in this Agreement.
- 11.6 If the Agreement is terminated under clause 11.1(g), the Company shall pay the Manager a sum equivalent to the Property Management Fees for the last full Year preceding termination.

12. DISPUTE RESOLUTION

- 12.1 Any dispute which may arise between the parties out of or in connection with this Agreement, including any dispute as to its existence or validity (**Dispute**)

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shall be referred to the mediation of a single mediator. The referral to mediation shall be commenced by a party serving written notice on the other party stating the subject matter and details of the Dispute and requiring the Dispute to be referred to a mediator to be appointed by the parties. Failing agreement within 10 Working Days after, and exclusive of, the date of service of the written notice, the mediator shall be appointed at the request of a party by the chairperson or any other office holder for the time being of the New Zealand chapter of LEADR, or the nominee of such chairperson or such office holder. The guidelines which shall govern the mediation shall be set by the parties. Failing agreement within 10 Working Days after the appointment of the mediator, a party may request the mediator to set the guidelines (whether or not in conjunction with such party) which shall govern the mediation proceedings.

- 12.2 If the parties are unable to resolve the Dispute by mediation the parties may by agreement in writing agree to submit the Dispute to the arbitration of a single arbitrator. Neither party may be compelled to submit to arbitration. The terms of the arbitration shall be as agreed. The arbitrator shall be appointed by the parties, or failing agreement within 10 Working Days after, and exclusive of, the date of service of the written notice, shall be appointed at the request of a party by the president or vice president for the time being of Auckland District Law Society or the nominee of such president or vice president. The arbitration shall be conducted as soon as possible at Auckland in accordance with the provisions of the arbitration statutes for the time being in force in New Zealand.

- 12.3 The parties shall bear their own costs and an equal share of the expenses of the mediation.

13. POWER OF ATTORNEY

- 13.1 The Company hereby irrevocably appoints the Manager as its attorney during the Term to sign all necessary documents, contracts and correspondence (including without limitation all Leases, consents, variations, dispensations or waivers for Leases) to enable the Manager to perform its duties and obligations as provided in this Agreement.

- 13.2 The Company agrees to ratify all actions, contracts, documents and matters that have been executed by the Manager as agent or attorney pursuant to this Agreement. It is acknowledged that any rights of parties (other than the Manager) pursuant to such contracts, documents and correspondence shall be with and against the Company and (in addition to other indemnities given pursuant to this Agreement) the Company indemnifies the Manager against any claims, damages, costs or proceedings that may arise in respect of such contracts. Any material matters arising in respect of such contracts shall be dealt with by the Manager on behalf of the Company and the Manager shall provide regular reports to the Company as to such matters.

14. GENERAL

- 14.1 Any notice permitted or required to be given under this Agreement shall be in writing and shall either be:

- (a) delivered personally;

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(b) mailed by pre-paid registered mail; or

(c) sent by facsimile transmission,

to the addressee at the addressee's last known address or facsimile number in New Zealand, or in the case of a corporation, to its registered office.

14.2 Any notice sent by registered mail shall be deemed to have been received on the third Working Day following the date of mailing. Any notice sent by facsimile transmission during a Working Day between 9am and 5pm shall be deemed to be received upon completion of transmission, and in every other case, shall be deemed to be received at 8.30am on the next Working Day after it is sent.

14.3 Neither party shall be liable to the other party for failure or delay in the performance of any of its obligations under this Agreement if, and to the extent that, such failure or delay is because of any matter or thing beyond the reasonable control of such party.

14.4 Neither party shall at any time (whether during or after the termination of this Agreement), either directly or indirectly, use or divulge to any person any knowledge or information which it may acquire during the Term, or may have already acquired, concerning the other party, its operations, affairs, properties, Tenants, or principals (**Confidential Information**) except:

(a) with the consent of the other party;

(b) in respect of Confidential Information which has become public knowledge other than as a result of unauthorised disclosure by either of the parties or their directors, officers, employees, agents, contractors or representatives;

(c) Confidential Information which is required to be disclosed to the auditors of either party or to any governmental agency or otherwise as required by law.

Each party shall use its best endeavours to ensure that its directors, officers, employees, agents, contractors or representatives who are at any time in possession of Confidential Information do not disclose or permit the disclosure or use of such Confidential Information except as specifically provided in this clause 14.4.

14.5 The Manager may assign or transfer its interest in this Agreement with the prior written approval of the Company. The Company must not unreasonably or arbitrarily refuse its consent for any proposed assignment or transfer to a party that has the financial resources and skills reasonably required to perform the Manager's obligations under this Agreement.

14.6 Any change in the legal or beneficial ownership of more than 50% of the shares in the Manager shall be deemed to be an assignment that is subject to the provisions of clause 14.5 of this Agreement. In considering whether there has been a change in 50% or more of the shares in the Manager, any transfer of shares between, or issue of shares to, Philip Tushingham, Denis McMahon,

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Scott McKenzie or any family trust associated with any of those parties shall be ignored.

- 14.7** Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Agreement shall not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of this Agreement shall not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. The waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.
- 14.8** If at any time any provision of this Agreement is held by a court of competent jurisdiction to be unreasonable, illegal, invalid or unenforceable for any reason whatsoever, that unreasonableness, illegality or unenforceability shall not affect the ability of the Company or Manager to enforce any other provision of this Agreement and such provision shall be modified only to the extent necessary to give effect to the ruling of the court.
- 14.9** The parties to this Agreement are independent parties. Nothing in this Agreement creates a legal partnership, joint venture or any similar relationship.

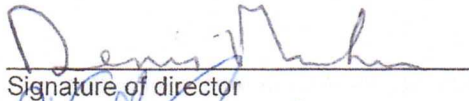
15. GOVERNING LAWS

- 15.1** This Agreement is governed by the laws of New Zealand and the parties submit to the exclusive jurisdiction of the Courts of New Zealand in respect of any dispute or proceeding arising out of this Agreement.

16. COSTS

- 16.1** Each party shall pay its own costs of, and incidental to, the negotiation, preparation, signing and amending of this Agreement.

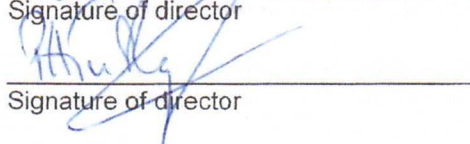
SIGNED on behalf of **PACIFIC
PROPERTY FUND LIMITED** by:



Signature of director

Denis Mallon

Name of director

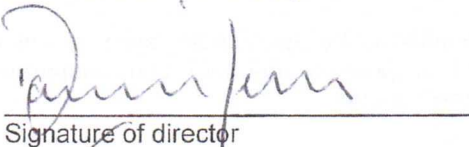


Signature of director

Philip Tinsley

Name of director

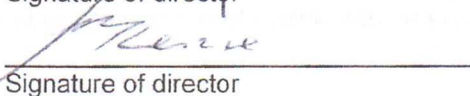
SIGNED on behalf of **PROPERTY
MANAGERS LIMITED** by:



Signature of director

Daniel L Lenn

Name of director



Signature of director

Scott C McKenzie

Name of director

SCHEDULE 1**DUTIES OF MANAGER****1. TENANCY MANAGEMENT****1.1** The Manager shall carry out the following tenancy management duties:

- (a) Formulate and implement a strategy to maximise the level of income and security of income to be derived from each Property during the Term.
- (b) Establish a liaison with the Company's accountants to ensure that all financial information required by the Company's accountants is made available to them.
- (c) Establish a liaison with Tenants at the appropriate levels to ensure proper communication and to promote goodwill and cooperation between the Manager and the Tenants.
- (d) Promptly consider and, if appropriate, attend to complaints made by Tenants.
- (e) Regularly review the structure and mix of the Leases to optimise the income earning potential of each of the Properties, and to report to the Company and obtain instructions from the Company on any reorganisation considered necessary.
- (f) Regularly review the terms and conditions of the Leases and obtain instructions from the Company on any variations considered necessary.
- (g) Prepare and maintain a current record of all Leases and advise the Company of any copies of executed Leases not held. The Manager shall hold original executed Leases only but shall provide the Company with copies of the executed Leases.
- (h) Prepare and maintain a current schedule of Leases including a summary of the principal terms and conditions of all Leases.
- (i) Prepare and maintain a current record of all rentable areas in each Property.
- (j) Administer all of the terms and conditions of the Leases and use its best endeavours to ensure compliance by the Tenants with the terms and conditions of their Leases.
- (k) Conduct negotiations to vary the terms and conditions of expiring Leases for the purpose of maximising the long term and sustainable income earning potential of each Property.
- (l) Serve notices terminating Leases when required.
- (m) Negotiate all rent and licence fee reviews, renewals, variations, extensions, surrenders of Leases and the terms and conditions of



new leases and where necessary obtain valuations for rental purposes from valuers.

- (n) Attend to any sub-letting and assignments of Leases in accordance with the relevant terms and conditions.
- (o) Manage any period of vacancy of any part of any of the Properties with a view to generation of long term and sustainable revenue from the Properties and to instruct any real estate agent to obtain a Tenant for any such vacancy.
- (p) Instruct the Company's solicitors to prepare all Leases, renewals, variations, extensions, surrenders of Leases and notices terminating Leases.

2. ACCOUNT MANAGEMENT

2.1 The Manager shall carry out the following account management duties:

- (a) The Manager shall be an authorised signatory for, and shall have a banking mandate to operate, the Property Portfolio Account. The Manager shall have full authority to operate the Property Portfolio Account for the purposes of this Agreement.
- (b) Prepare a budget of income and outgoings for each of the Properties prior to the commencement of each Year.
- (c) Use best endeavours to collect all rents, licence fees, outgoings and other charges due in accordance with the terms and conditions of the Leases and deposit them in the Property Portfolio Account.
- (d) Regularly review arrears of rent, licence fees, outgoings and other charges and action to recover such arrears with the minimum of delay. If the assistance of solicitors is required in order to recover any arrears to report to the Company and obtain consent to instruct the Company's solicitors to act in such matters.
- (e) Ensure payment of all outgoings incurred in relation to the Properties from income collected from the Properties in accordance with the budget and the instructions of the Company.
- (f) Obtain all bonds and deposits from Tenants when appropriate, deposit such money in the relevant bank account/trust account and ensure disbursement of such money as appropriate.
- (g) Withhold any income accumulated in the Property Portfolio Account required for the payment of specific outgoings in the immediate future prior to the collection of any additional income.
- (h) Where the operating expenses payable to the Company pursuant to the Leases include payment to a sinking fund, to include in the monthly management report to the Company, information pertaining to the amount in the sinking fund, and any recommendations for spending part or all of such fund.

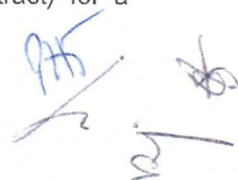


- (i) Report to the Company no later than the fifteenth Working Day in each month, on all income collected and disbursed during the previous month.
- (j) In conjunction with the Company, ensure that an audit of the Property Portfolio Account is carried out by an auditor approved by the Company at least every Year and more frequently if reasonably required by the Company.
- (k) Report to the Company, no later than the end of the first month in each Year, on the operation of each of the Properties during the previous Year with a full investment report and analysis of each Property, together with information on trends in income and operating costs.

3. BUILDING MANAGEMENT

3.1 The Manager shall carry out the following building management duties in respect to each of the Properties.

- (a) Compile a building manual relating to each new Property acquired by the Company which shall include "as built" drawings, specifications, manuals, warranties and guarantees relating to such Property as available from the Company.
- (b) Manage the operation of each Property including the building services, common and public areas and perimeter of each Property subject to the terms and conditions of the relevant Leases, and maintain a summary of the operating procedures as set out by the Manager from time to time.
- (c) Appoint and supervise all maintenance and service contractors required to maintain each Property and services to an appropriate standard. If required by the Company, to tender and regularly review the performance of the maintenance and service contractors and the costs involved and to re-let or re-tender such contracts as appropriate. Contracts may be signed by the Manager on behalf of the Company subject to prior written approval of the Company.
- (d) Maintain a current schedule of contracts relating to each Property and include therein a summary of the principal terms and conditions of all such contracts.
- (e) Carry out regular inspections (generally on a quarterly basis) of all parts of each of the Properties in order to ensure a satisfactory standard of repair and maintenance.
- (f) Initiate and supervise any preventative or breakdown maintenance works required (where such works are the responsibility of the Company and are not subject to a maintenance contract) within the cost limits given in the outgoings budget approved by the Company and refer to the Company any such works in excess of the approved budget cost limit or not included in the budget for its instructions. If the cost of a particular item of any such preventative or breakdown maintenance work (not subject to a maintenance contract) for a

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Property is more than \$250,000 the Manager shall obtain quotes with a minimum of three quotes to be received unless the Company agrees otherwise.

- (g) Take whatever measures are required without reference to the Company to eliminate the risk in the event of an emergency when the safety of each Property or its occupants or the supply of essential services is at risk.
- (h) Regularly review the amount of the outgoings of each of the Properties and endeavour to minimise the same by revising operating procedures, reviewing contracts and where necessary re-tendering contracts and, where appropriate, appealing against statutory valuation assessments which affect the outgoings of the relevant Property.
- (i) Regularly review the potential for refurbishment or upgrading of each Property to maximise income and minimise outgoings and to report to the Company for its instructions.
- (j) Approve on behalf of the Company at the commencement of any Lease and prior to the Tenant taking possession of its premises in order to commence fit-out work proposals as submitted in writing by the Tenant in accordance with the terms and conditions of the relevant Lease. Also to approve on behalf of the Company any alterations to the fit-out works proposed during the currency of such Lease.
- (k) Prepare a "schedule of conditions" at the commencement of any Lease and prior to the Tenant taking possession such schedule to include a description of the condition of the premises and of the Company's fixtures and fittings located therein and have the Tenant agree in writing to such schedule.
- (l) Prepare a "schedule of damage" prior to the expiry or sooner termination of any Lease such schedule to include a description of the maintenance, repair and reinstatement work required to be carried out by the Tenant in its premises and in accordance with the terms and conditions of the relevant Lease and take all reasonable steps to ensure that the Tenant complies with its obligations in the manner specified in such Lease.
- (m) Initiate and supervise, (subject to the Company's prior written approval), any tenancy subdivision works required in any of the Properties in order to alter the tenancy layout for letting purposes.
- (n) Advise the Company of any insurance claims in respect of any of the Properties, initiate such claims and report in writing to the Company on the completion of all such claim.
- (o) Initiate and supervise any reinstatement works required to any of the Properties as a result of fire, earthquake, fire consequent upon earthquake, flood, lightning, storm, tempest, water damage, impact damage, electrocution, boiler explosion, machinery breakdown and such other occurrences as may be covered by the Company's

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insurance in accordance with the requirements of the Company and its insurers.

(p) Where a compliance schedule is required for any building on any of the Properties:

- (i) obtain a compliance schedule, if not already issued;
- (ii) ensure that the inspection, maintenance and reporting procedures specified in the compliance schedule are undertaken in accordance with the requirements of the compliance schedule; and
- (iii) comply with all other obligations imposed on building owners under sections 108 - 111 of the Building Act 2004.

(q) To the extent that such matters are within the responsibility and control of the Manager in its capacity as representative of the Landlord, and in the performance of its management role, the Manager shall ensure that prudent health and safety practices are observed at the Properties.

(r) Obtain (subject to the prior written approval of the Company) the advice and assistance of architects, engineers, valuers, lawyers, accountants and other consultants as deemed necessary by the Manager in order to properly carry out the above duties and responsibilities.

4. RISK MANAGEMENT

4.1 The Manager shall carry out the following risk management duties in respect of each of the Properties:

- (a) Regularly review, in conjunction when necessary with any person qualified to advise, and to report to the Company and seek instructions on any additional measures considered necessary, the following:
 - (i) security measures in respect of each of the Properties (excluding those parts of any Property which are leased),
 - (ii) the standard of fire safety in each of the Properties,
 - (iii) evacuation procedures from each of the Properties, and
 - (iv) health standards in each of the Properties, with particular regard to any potentially hazardous substances or situations (excluding those parts of any Property which are leased).
- (b) Implement an education programme for Tenants with regard to emergency evacuation procedures and conduct regular evacuation drills.



- (c) Advise on the types of insurance cover and the sums insured required for each of the Properties and arranging on behalf of the Company any such insurance as the Company may approve.
- (d) Identify, evaluate and control risks not referred to in this clause which may affect any of the Properties, its contents or any person occupying or using any of the Properties and having the potential either directly or indirectly, to reduce the return derived from any of the Properties.

5. PROPERTY INVESTIGATIONS

5.1 The Manager shall carry out the following property investigation duties, in respect of any property or investment that the Manager and the Company from time to time identify as a possible addition to the Company's property portfolio:

- (a) Review and report to the Company on all aspects of the property which the Company, as a prudent purchaser of the such property would need to know to make an informed decision on whether to purchase the property identified by the Company, including (but not limited to):
 - (i) where not repugnant to the duties, all of the items listed in this schedule 1 under Tenancy Management, Account Management, Building Management and Risk Management, the financial viability of the subject property, having regard to the tenancies, outgoings and term of the tenancies;
 - (ii) all legal matters effecting the subject property, including enforceability of leases, planning, title and any other matter the Company's solicitors deem relevant;
 - (iii) valuation of the subject property; and
 - (iv) any other matters the Company believes to be material in making a decision on whether to purchase the subject property.

5.2 The Manager may, with prior approval from the Company, engage any necessary legal, consultancy or management skills, whether from within the Manager's company or externally, necessary to undertake its management role under this Agreement.

6. OTHER ADMINISTRATION SERVICES

6.1 In addition to the services set out above, the Manager shall provide the Company with such other administration services as are required for operation of the Company. This may include, but not be limited to, arranging accounting/reporting, statutory compliance, company secretarial, shareholder communications, arranging the Company's audit and similar services, with key functions contracted out to appropriate specialist service providers at the cost of the Company. The services to be provided under this clause shall be provided without any additional fees being charged by the Manager over and above the fees set out in Schedule 2.

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SCHEDULE 2**FEES****1. PROPERTY MANAGEMENT FEES**

1.1 The Company shall pay the Manager Property Management Fees calculated as follows:

- (a) A management fee of 0.50% of the Carrying Value of the Properties. This shall be based on the Carrying Value as at the beginning of the applicable Year. If the Carrying Value is not able to be determined at the beginning of the Year (eg if the accounts/valuations for Properties have not been finalised) the Company shall pay on the basis of the Company's best estimate of Carrying Value and the parties shall make an adjustment between them once the Carrying Value has been determined. Where a Property is acquired by the Company during a Year and is therefore not included in the accounts for the Company at the commencement of the Year the Company shall pay management fees on that Property from the date of acquisition until the end of that Year based on the cost of the Property;
- (b) A property management fee of 1.50% of the Gross Annual Rental collected from the Properties; and

1.2 The Property Management Fee shall be paid on the fifteenth Working Day of each month for services provided during the previous month.

2. PROPERTY PROJECT FEES

2.1 **Property Acquisition and Disposal fees:**

- (a) The Company shall pay the Manager a fee on acquisition of a Property of 1% of the GST exclusive purchase price of the Property but with a minimum fee payable of \$150,000 per Property. Property acquisition fees shall cease being payable at such time that the Carrying Value of the Company's Properties exceeds \$250,000,000.
- (b) The Company shall pay the Manager a fee on disposal of a Property of 1% of the GST exclusive sales price of the Property.

2.2 **Property Investigation Fees:** Where the Manager at the request of, or in consultation with, the Company undertakes an investigation into an acquisition or sale of a property and the transaction does not proceed, and the Manager advises the Company that the transaction is unlikely to proceed, the Company shall pay the Manager an agreed fee based on a time and attendance basis. Where the Manager is paid a fee under this clause and the transaction subsequently proceeds, the fee paid under this clause shall be deducted from the acquisition fees payable for the property under clause 3.1(a) at the time the transaction is completed.




- 2.3 **Project Management Fees:** 5% of the GST exclusive development/project costs for any maintenance project where the maintenance project budget exceeds \$100,000 (excluding GST) or any project involving construction or refurbishment in relation to a Property. In this context, "development/project costs" means all costs of the project including:
- (a) Construction costs;
 - (b) Consultants fees;
 - (c) Resource & council consent fees; and
 - (d) Planned capital expenditure, fit out contribution, and/or fit out works.
- 2.4 **Consultant costs:** In addition to the fees set out above, the Company shall pay for any of the consultants or advisors the Manager engages to undertake any of the property acquisition, disposal, investigation or construction/refurbishment duties (including for the obtaining of specialist reports), subject to these costs having been incurred with the Company's approval.
- 2.5 **Agent involvement:** The fees in clauses 3.1 to 3.4 apply irrespective of whether a real estate agent is engaged to assist in the leasing or is responsible for completing the leasing.

3. GENERAL

- 3.1 For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, the Manager shall not be entitled to charge the Company for any services or duties under this Agreement whereby the Manager has agreed to provide such services or obligation under a separate contractual obligation, or where a Related Company (other than the Company) has the primary obligations to perform that function or duty. However, if the Company requests the Manager to undertake any matters related to any of the Properties which do not fit within any of the obligations contemplated by this schedule 2, then the Company shall pay the Manager a market rate "time in attendance fee" for any such works the Manager is asked to undertake. The market rate is to be agreed between the parties.

4. DISBURSEMENTS

- 4.1 In addition to charging the fees listed in clauses 1 – 5 of this schedule 2 the Manager shall be entitled to incur on behalf of the Company, or obtain reimbursement of, disbursements and other out of pocket costs reasonably incurred to third parties (including consultants) in connection with the performance of its obligations and duties under this Agreement, subject to these costs having been incurred with the Company's prior written approval. Costs may be paid direct out of the Property Portfolio Account or reimbursed under clause 7 of this Schedule (as applicable).



5. PAYMENT OF FEES

- 5.1** Subject to having rendered an invoice to the Company for the applicable fees, the Manager shall be entitled to deduct its own fees and reimbursements from the Property Portfolio Account.
- 5.2** The Manager shall may deduct its fees or claim for reimbursement on the 20th day of the month following invoicing.
- 5.3** The Company shall notify the Manager if it disagrees with the calculation of any fees in an invoice rendered by the Manager. Any dispute over the fees shall be dealt with in accordance with clause 12 of the body of this agreement.
- 5.4** Without prejudice to the Manager's other rights and remedies, any moneys not paid to the Manager by the due date (other than due to error or delay on the part of the Manager) shall bear interest at the rate of 12% per annum. Default interest shall be calculated on a monthly basis and shall be compounding.

6. GST PAYABLE

- 6.1** Unless otherwise stated, amounts in this Agreement exclude GST and the Company shall pay GST in addition to the amounts specified as being payable to the Manager.

7. DISPUTE OVER CLAUSES 2.2 OR 3.1

- 7.1** If the parties are unable to reach agreement in relation to the fees to be agreed under clauses 2.2 or 4.1 either party may require the matter to be submitted to expert determination for a decision. The party wishing to have the matter decided by expert determination shall give written notice setting out the dispute and proposing an expert to resolve the dispute. If the parties have not agreed on an expert within 5 Working Days of notice being given under this clause either party may request that the President of the New Zealand Law Society (or his or her nominee) appoints an expert. The expert's decision on the matter shall be final and binding. The expert shall act as an expert and not an arbitrator.

8. DEFINITIONS IN THIS SCHEDULE

- 8.1** In this Schedule:

- (a) **Carrying Value** means the carrying value of the Properties owned by the Company as set out in the accounting records (prepared in accordance with NZ GAAP) of the Company from time to time.
- (b) **Gross Annual Rental** means all moneys payable under a lease and includes outgoings, parking charges, naming or signage rights. Up front payments (eg a lump sum paid for naming rights) shall be pro-rated over the duration of the lease to calculate the Gross Annual Rental. Any incentives paid for entry into, or renewal of, a lease shall be pro-rated over the duration of the lease and deducted from the Gross Annual Rental.

